

# CITY OF SAN JOSE

## 2004-2005 PROPOSED OPERATING BUDGET

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### OPERATING BUDGET GUIDE

The Operating Budget document includes the **City Manager's Budget Message**, outlining major policy issues and changes to City programs, including the General Fund Balancing Strategy Detail, status of Mayor and City Council referrals, and status of City Auditor recommendations with funding impact. The **Community Profile** section includes basic City information and data, the roster of elected officials, as well as a listing of State and local legislative highlights. The **Budget Guide** section provides a flow chart of the City of San José's annual budget process, City organization charts by city service area and function, and this operating budget guide. **Summary Information** of expected revenues and expenditures is then presented, along with comparative five-year **History and Trend** information of revenues, expenditures, and staffing. The **Budget Policies and Practices** section includes budgeting policies, significant accounting practices, and information regarding debt service obligations. The **General Fund Revenue Estimates** section contains assumptions used in budget development as well as descriptions of major General Fund revenue sources. The remaining Operating Budget document is organized by the following sections as discussed below:

#### City Service Areas

**City Service Areas** (CSAs) align services provided in individual departments into the City's seven key lines of business as viewed from the community's perspective. A collection of core services from various partner departments, CSAs show the results of the collaboration among the departments at a higher organizational level:

- Aviation Services
- Economic and Neighborhood Development
- Environmental and Utility Services
- Public Safety
- Recreation and Cultural Services
- Transportation Services
- Strategic Support

Strategic Support represents functions that provide organization-wide guidance and support to enable the delivery of the City's direct services.

As an introduction to the CSA section, an **Overview** of the CSA concept, structure, and role in strategic planning and cross-departmental management of service delivery is included. Also, **Resource Allocation by City Service Area** charts, including information regarding staffing and total operations, and a **City Service Area/Department/Core Service Alignment Map** is provided.

#### CSA Section

Individual sections on each of the seven CSAs follow. Each individual CSA section contains a brief synopsis including a **Mission Statement**, a **Budget at a Glance** chart, information regarding **Budget and Performance Highlights** for the next year, a chart dividing the CSAs **2004-2005 Total Operations by Core Service**, and a detailed **City Service Area Budget Summary**.

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### OPERATING BUDGET GUIDE (CONT'D.)

#### City Service Areas (Cont'd.)

##### CSA Section (Cont'd.)

The CSA synopsis is followed by a **Five-Year Business Plan** that includes highlights of the CSA's current position, selected community indicators, trends/issues/opportunities, policy framework, and strategic goals and objectives. The CSA **Investment Strategy** section is next and contains overview information and information regarding key investments and objectives. The **Performance by Outcome** section provides information regarding current and planned performance by CSA outcome (the "ends" toward which the plans, efforts, and resources and results of the CSA are directed). Five-year strategic goals and objectives as well as one-year performance targets are included for each outcome. The **Proposed Investment Changes** section provides a listing of proposed investments to achieve CSA outcomes.

##### CSA Core Services Section

The individual CSA section is then presented by **Core Service** (major lines of businesses conducted by departments and delivered to customers). Core services were developed during 1999-2000 by engaging departmental staff at all levels, as well as the public, in discussion of the department's major services and mission. The results of those discussions were review by the City Council and used to align departmental services with related performance and resources for budgeting and management decision-making. Each core service section within a CSA section begins with a **Service Delivery Framework** to explain the linkage between the CSA, CSA outcomes, and core services.

The **Core Service Purpose** is a brief statement of why the core service exists, such as "Provide programs and services through community education and partnerships to reduce criminal activity and enhance public safety" (Crime Prevention and Community Education). The statement unifies the various operational services provided and activities performed in this case by the Police Department.

The **Performance and Resource Overview** section explains the performance results and expenditures for the current fiscal year, any changes proposed for the next year, and the anticipated costs and results of the changes, if any. The narrative should answer the following questions:

- **What does the performance information show?** Reasons for variances between targets and actuals/estimates or further explanation of the target meanings and levels of service are included.
- **Why is performance at that level?** The narrative explains the reasons behind the numbers. Also, if a measure averages the response times or costs of several different operations, the explanation will detail which areas are driving the average up or down and why.
- **What is being done to address any identified performance issues?** The narrative will note any productivity efforts, technology or systems changes to be implemented towards this end.

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### OPERATING BUDGET GUIDE (CONT'D.)

#### City Service Areas (Cont'd.)

#### CSA Core Services Section (Cont'd.)

- **What will be the result of the proposed changes?** Finally, the anticipated impacts of budget changes will be translated into the performance or activity targets for the next fiscal year. The proposed changes should be related to performance at some level, even if the overall performance measures will not be affected. For example, if an addition is recommended to maintain current service levels, the narrative should note that demand or workload is increasing, and without such an addition, performance could deteriorate.
- **How will Core Service efforts contribute to relevant City Service Area Outcomes, Goals and Performance Targets as set forth in CSA Business Plans?** Where applicable, the connection should be made between Business Plan strategies and front-line service delivery.

Any other narrative information that is of interest in the context of performance or resources also may be discussed in this section, including what major issues will be faced by the core service in the next fiscal year.

If necessary, the **Performance Measure Development** subheading of the Performance and Resource Overview will indicate and provide a rationale for any core service performance measures revised since the prior year's budget document.

The **Performance Summary** section presents the measures and data to be used in evaluating core service results. Most core services will include measurements developed to describe the results expected in the four key measurement areas:



Quality – How well is the service doing what it is intended to do?



Cost – What resources are used to achieve results?



Cycle Time – Timeliness of service delivery.



Customer Satisfaction – How customers view the City's service efforts.

Attempts were made to limit the total number of measures shown by combining similar types, such as Customer Satisfaction measures for all operational services within the core service. If an operational service's performance needs to be discussed separately to explain the overall core service performance, this is described in the Performance and Resource Overview narrative.

The **Activity and Workload Highlights** section highlights the scope and extent of the workload demand and the activities completed. For example, while the Performance Summary section focuses

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### OPERATING BUDGET GUIDE (CONT'D.)

on percentages of workload accomplished successfully, the Activity and Workload section may provide a count of the total workload attempted/completed.

#### **City Service Areas (Cont'd.)**

#### **CSA Core Services Section (Cont'd.)**

The **Resource Summary** is the budget information section that displays all departmental operating funds that contribute to the performance of the core service. Costs and budget information for personal services and non-personal/equipment are illustrated for each core service provided. Additional resources from City-Wide Expenses, Special Funds and/or Capital Funds that also contribute to the performance of the core service and CSA are displayed elsewhere in the budget document. The second part of this section illustrates the authorized positions assigned to the core service. These position figures include full-time and part-time permanent positions.

The details of proposed **Budget Changes by Core Service** for 2004-2005 are provided next. Included for each change is a description of what is to be added or deleted, the need for the proposed change, the amount and nature of the funding involved, and performance results expected to occur when the action is implemented. The **Performance Results** are intended to describe, in quantitative terms wherever possible, the expected outcome when the change is approved. This information is characterized by one or more of the four key measurement areas: Quality, Cost, Cycle Time, Customer Satisfaction. To illustrate the connection to the CSA Business Plans, the budget changes are grouped to show their contribution to the goals and outcomes of the various CSAs. Within each core service, budget changes will be grouped under the CSA outcome to which they contribute.

**Strategic Support**, separated by each department that supports the CSA, describes the various leadership and support functions that provide guidance and assistance in delivery of one or more of the CSA's core services. The Strategic Support information is organized similar to the Core Service section, however, performance measures are not generally reported for Strategic Support functions, unless, by exception, to present performance information that cannot otherwise be communicated through Core Service results measures.

#### **CSA City-Wide Section**

The individual CSA sections end with **City-Wide** budget information for **City-Wide Expenses** and **General Fund Capital, Transfers and Reserves** that contribute to the total performance of the CSA. An **Overview, Budget Summary, and Budget Changes by Program** are provided for this section.

#### **City Departments**

Next, the **City Departments** section, organized alphabetically, reflects technical budget information for each department. Each department section begins with a brief synopsis of the department, including the department's **Mission Statement**, listing of the **City Service Areas** supported by the department, and listing and description of the department's **Core Services**.

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### OPERATING BUDGET GUIDE (CONT'D.)

#### City Service Areas (Cont'd.)

#### City Departments (Cont'd.)

This synopsis is followed by a **Department Budget Summary**, which is a table that reflects funding by core service, category, and funding source for four separate points in time: 2002-2003 Actual Expenditures, 2003-2004 Adopted Budget, 2004-2005 Forecast (Base Budget), and the 2004-2005 Proposed Budget. Total Authorized Positions are also provided.

Next, the **Budget Reconciliation** is presented, providing significant Base Budget adjustments (such as negotiated salary and benefit changes and contractual obligations) from the prior year's Adopted Budget and a listing of Investment/Budget Proposals Recommended for 2004-2005.

The department section ends with a **Departmental Position Detail** that provides the authorized positions for each department and provides a two-year history of changes.

#### City-Wide

The next major section of the budget includes technical budget information. **City-Wide Expenses** are General Fund allocations that relate to more than one department or are not directly associated with ongoing departmental operations. These expenses are categorized to align to the CSAs to which they primarily contribute. **General Fund Capital, Transfers, and Reserves** includes budget information regarding capital contributions, transfers to other funds, and earmarked and contingency reserves. For both the City-Wide Expenses and General Fund Capital, Transfers, and Reserves sections, a **Mission Statement**, listing of **City Service Areas** and **Programs** supported by these allocations, **Budget Summary**, **Budget Reconciliation**, **Detail of Costs Descriptions** (a listing of all allocations for each Program), and **Position Detail** (if applicable) are included.

#### Selected Special Funds Summaries

The **Selected Special Funds Summaries** section provides budget summary information for certain special funds, including the Community Development Block Grant Fund, Healthy Neighborhoods Venture Fund, Integrated Waste Management Fund, Sewer Service and Use Charge Fund, Storm Sewer Operating Fund, and Transient Occupancy Tax Fund. These funds support activities in several city service areas and departments. Each summary provides the fund's **Mission Statement**, **Budget Summary**, **Budget Highlights**, a **Budget Byte** (a graph or chart that communicates key information to support the overall performance and resource discussion for the fund such as growth in demand, progress toward multi-year goals, or benchmarking comparisons), a **Fund Overview** (an overview of the fund's status and performance and service delivery issues for the upcoming year), a **Fund Summary** (detail on the major areas of each fund's sources and uses), **Budget Category Overview** (providing a high-level description of the budget category), and **Budget Category Summary** (including a listing of proposed allocations for the next year).

#### Source and Use of Funds Statements

The **Statements of Source and Use of Funds** detail projected revenues, expenditures, and fund balances included for all budgeted special funds.